

New Jersey Intellectual Property Law Association

Electronics, Telecom and Software Patent Practice Update

Wednesday, November 9, 2011 Hyatt Regency New Brunswick

NJIPLA
ELECTRONICS, TELECOM AND SOFTWARE PATENT PRACTICE UPDATE
November 9, 2011

12:00-12:45 p.m. **Lunch**

12:45-12:50 p.m. **Opening Remarks**

Andrea Kamage, NJIPLA President, Johnson & Johnson, New Brunswick, NJ

12:50-2:00 p.m. **The Prosecution of Patent Applications in the Electrical Arts**

12:50-1:20 p.m. **Examination of Applications on Electrical and Software Inventions**

James Dwyer, Assistant Deputy Commissioner, Computer Architecture, Software, Networking and Multiplex Communications Arts, USPTO, Washington, DC

1:20-1:40 p.m. **Impact of the New Legislation on Prosecution of Patent Applications in the Electrical Arts**

Robert E. Rudnick, Gibbons, Newark, NJ

1:40-1:55 p.m. **Argument of an Appeal before the BPAI**

Joel Miller, West Orange, NJ

1:55-2:00 **Q and A**

2:00-2:10 p.m. **Break**

2:10-3:50 p.m. **Electrical, Telecom and Software Patent Law Update**

2:10-2:25 p.m. **Patent Eligible Subject Matter in Software Inventions Post-Bilski**

Gregory Murgia, Alcatel-Lucent, Murray Hill, NJ

2:25-2:40 p.m. **Claim Construction and the DOE in the Electrical Arts**

Michele Conover, Siemens Corporation, Princeton, NJ

2:40-2:55 p.m. **Obviousness of Software and Electrical Inventions Post-KSR**

Jon A. Chiodo, Hoffmann & Baron, Parsippany, NJ

2:55-3:10 p.m. **Joint Infringement of Claims Drawn to Method and System Inventions**

Davy E. Zonerach, Lerner, David, Littenberg, Krumholtz & Mentlik, Westfield, NJ

3:10-3:25 p.m. **Apportionment of Patent Infringement Damages on Electrical Inventions**

Anthony S. Volpe, Volpe and Koenig, Philadelphia, PA

3:25-3:40 p.m. **Technical Standards and Patents - Conceptions and Myth Conceptions**

Marc Sandy Block, IBM Corporation, Armonk, NY

3:40-3:50 p.m. **Q and A**

3:50-4:00 p.m. **Break**

4:00-5:10 p.m. **Litigation of Electrical, Telecom and Software Patents Before the USITC**

4:00-4:30 p.m. **A View from the Bench**

Honorable Robert K Rogers, Jr., Administrative Law Judge, USITC, Washington, DC

4:30-4:45 p.m. **Practical Realities of Litigating Patents on Electrical Inventions in the ITC**

Mark J. Abate, Goodwin Procter, New York, NY

4:45-5:00 p.m. **Proving a "Violation" in the ITC**

Tony V. Pezzano, Cadwalader, Wickersham & Taft, New York, NY

5:00-5:10 p.m. **Q and A**

5:10-5:15 p.m. **Closing Remarks**

Robert E. Rudnick, Gibbons, Newark, NJ

Mark J. Abate

Mark Abate is a partner in the law firm of Goodwin Procter in New York and is a member of its Patent Litigation Practice. Mr. Abate is the Treasurer of the New Jersey Intellectual Property Law Association and recently served President of the New York Intellectual Property Law Association. He has been continually recognized by Chambers USA, *Who's Who in American Law* and *The Best Lawyers in America* as one of the nation's foremost patent lawyers. The *Chambers USA; America's Leading Lawyers for Business* provides Mr. Abate is "a true gentleman and a fantastic trial lawyer" and "is sought after for his lengthy experience before the ITC." He concentrates his practice on trials and appeals of patent infringement cases, and has particular expertise in electronics, electrical devices, computers, computer software, financial systems and medical devices. Mr. Abate has tried cases to their successful conclusions in U.S. district courts and the U.S. International Trade Commission and has argued appeals before the U.S. Court of Appeals for the Federal Circuit. He began his career as a law clerk for Chief Judge Howard T. Markey of the U.S. Court of Appeals for the Federal Circuit and also worked as a patent examiner at the U.S. Patent and Trademark Office.

Marc Sandy Block

Marc Sandy Block is a counsel at IBM Corporation's Intellectual Property Law headquarters, working in the areas of patent and technology licensing, standards and patent pool activities, administrative and legislative policy, and IP-related bankruptcy issues. He was a major contributor to the ABA Standards Development Patent Policy Manual and has authored numerous articles. He has spoken at AIPLA and other organizations on various topics. He was recently a panelist on the FTC Workshop on Patent Holdup. He was a Board member and past President of the International Intellectual Property Society in New York City (iipsny.org), is a member of the American National Standards Institute (ANSI) IPR Committee and AIPLA and IPO Standards Committees, is a Certified Licensing Professional, and is a lecturer on IP licensing and standards at the Cardozo Law School. He is a graduate of Lehigh University (BSEE) and George Washington University Law School (JD), and is a member of the Virginia, Maryland, and New York bars and is admitted to practice before the USPTO.

Jon A. Chiodo

Jon Chiodo is an associate at the firm of Hoffmann & Baron. A lecturer and author, his work has appeared in the New York Intellectual Property Law Association Bulletin, Joint Patent Practice seminar, and Metropolitan Corporate Counsel. Mr. Chiodo has extensive experience in litigation as well as prosecution of patent and trademark matters. Fields of technology include the chemical and pharmaceutical arts and medical devices.

Michele Conover

Michele Conover is Senior Counsel with Siemens Corporation and has represented the U.S. Research and Technology group based in Princeton, N.J. for the past eight years. Ms. Conover is responsible for developing worldwide patent strategies, drafting and negotiating research and development agreements with universities and other third parties, reviewing and administering government research contracts and other intellectual property based transactions. Ms. Conover has worked in a variety of technologies including medical imaging, industrial controls, and computer software. In addition, for the past three years, Ms. Conover has acted as Corporate Counsel for the Research and Technology Group. Her responsibilities include managing all legal matters including tax, employment, export and global transactional issues in addition to her IP responsibilities.

Prior to joining Siemens, Ms. Conover spent 10 years as in-house counsel at AT&T. At AT&T, Ms. Conover concentrated on the preparation and prosecution of telecommunications and software patent applications, patent infringement and validity studies as well as litigation support and management. Ms. Conover began her career as a patent examiner at the US Patent and Trademark Office.

Ms. Conover is a member of the New Jersey Bar and admitted to practice before the U.S. Patent and Trademark Office. Ms. Conover received a B.S. in Electrical Engineering and a J.D. from Rutgers University.

James Dwyer

Jim Dwyer has been with the U.S. Patent and Trademark Office for over 33 years. He has served as a Patent Examiner, Supervisory Patent Examiner, Quality Assurance Specialist and Group Director in a variety of electrical technologies. His current position is the Assistant Deputy Commissioner for Patent Operations overseeing the operations of Technology Center 2600 (Telecomm) and Technology Center 2800 (Circuits, Semiconductors and Physics). For many years, Jim has been instrumental in the USPTO's Patent Examiner recruitment and training programs; and is currently managing the Office's Patent Process Reengineering initiative. He has a BSEE from the University of Maryland.

Joel Miller

Joel Miller has been engaged in the practice of law for over thirty years, specializing in patent, trademark, copyright, unfair competition, and antitrust law, and established his solo practice in 1991. He served as a patent examiner in the U.S. Patent and Trademark Office, and as patent counsel for an aerospace division of the former Singer Company, and was associated with the law firm of Weil, Gotshal & Manges.

Mr. Miller has litigated intellectual property, antitrust, and commercial matters and has served as an arbitrator in a patent licensing dispute. In addition, he has secured patents, trademarks, and copyrights, and has negotiated intellectual property licenses and related agreements. He has worked in a variety of technologies including telecommunications, semiconductors, avionics, medical electronics, and computer hardware and software.

Mr. Miller is chair of the Inter Partes Review Subcommittee of the Post Grant and Inter Partes Patent Office Practice Committee of the ABA Section of Intellectual Property Law, and co-chair of the Patents and Legislative Affairs Subcommittee of the AIPLA Electronic and Computer Law Committee. Previously, he held leadership positions in ABA and AIPLA subcommittees focusing upon patentable subject matter, and was a member of the Task Force Subcommittee on Business Method Patents of the ABA Section of Intellectual Property Law.

Mr. Miller is a member of the District of Columbia, New Jersey, and New York Bars, admitted to practice before the U.S. Patent and Trademark Office, and a Fellow of the American Bar Foundation. Mr. Miller received a B.S. in Electrical Engineering from Lafayette College in 1975 and a J.D. from the University of Miami in 1978.

Gregory Murgia

Gregg Murgia is Senior Corporate Counsel & Director of Patent Creation for the Americas Region of Alcatel-Lucent. He has been in this position since the merger of Alcatel and Lucent Technologies (Bell Laboratories) in 2006. In this role, he is responsible for overseeing all patent creation and prosecution activities associated with building a global patent portfolio spanning the various technology areas of Alcatel-Lucent's business divisions and Bell Laboratories research activities. Mr. Murgia joined Lucent Technologies (Bell Laboratories) in 1997 and held various positions. As Corporate Counsel, he provided legal counsel and patent creation support for the Optical Networking Business Unit and Bell Labs Photonics Research group, which included the preparation and prosecution of patent applications, providing assertion support and counsel on various licensing activities. He was also a Director of Business Development in the Intellectual Property business for 3 years and managed a team of technical and business professionals responsible for identifying and developing patent licensing opportunities.

Before joining Lucent Technologies, Mr. Murgia was an Associate in the Intellectual Property Department of Crummy, Del Deo, Dolan, Griffinger & Vecchione. Prior to practicing law, Mr. Murgia was an officer in the U.S. Army Signal Corps serving in various capacities with assignments in the U.S, Germany and Saudi Arabia. He also worked for the U.S. Government as an engineer in the software engineering department at Fort Monmouth, New Jersey, working primarily on software development and testing for military telecommunication systems. Mr. Murgia received his law degree from the Seton Hall Law School and his undergraduate degree (B.S. Electrical Engineering) from the University of Notre Dame. He is admitted to practice in New Jersey, New York and before the U.S. Patent & Trademark Office.

Tony V. Pezzano

Tony Pezzano is a partner in the Intellectual Property Practice Group of the law firm Cadwalader, Wickersham & Taft LLP. Tony has more than 20 years of experience litigating many successful large scale patent cases in the Federal District Courts, in both jury and bench trials, the United States International Trade Commission (“ITC”) and the Court of Appeals for the Federal Circuit. He has represented major clients, including Hoffmann-La Roche, Merck, IBM, Ericsson, Sony Ericsson, Heidelberger, Cannon Avent, Bombardier, Procter & Gamble, ARCO, Chevron, ExxonMobil, Shell Oil and Texaco, in a wide range of technology areas, including pharmaceutical products, chemical and petroleum products and processes, wireless telecommunication equipment, computer systems, printing engines and systems, consumer products and recreational products. Tony is a frequent lecturer, having spoken throughout the United States, as well as in China and Europe, and author on patent litigation. He has been consistently selected as a New York Super Lawyer, which names the top 5 percent of attorneys in New York City chosen by their peers and through the independent research of Law & Politics. Tony was also recently selected for the Montclair Who’s Who directory of industry leaders from around the world and by 2011 US Legal 500 and 2011 IAM Magazine as a top tier patent litigator and ITC practitioner. Tony is the past President 2009 of the ITC Trial Lawyers Association and is also a member of the American Intellectual Property Law Association and New York Intellectual Property Law Association.

Judge Robert K. Rogers, Jr.

Judge Rogers was appointed as an Administrative Law Judge at the US International Trade Commission on July 6, 2008. Before his appointment at USITC, Judge Rogers served as an Administrative Law Judge with the Office of Medicare Hearings and Appeals (2007-2008), the Federal Energy Regulatory Commission (2005-2007) and the Office of Hearings and Appeals, Social Security Administration (1994-2005).

Rogers was the City Attorney of the City of South San Francisco, California from 1980 to 1986, where he participated in the negotiation and drafting of the habitat conservation plan that was used as the prototype for federal environmental regulations currently in effect to protect endangered species. Rogers subsequently practiced as a solo attorney, emphasizing litigation in land use, real property, redevelopment and environmental law, practicing in state and federal trial and appellate courts. Immediately prior to entering service as an Administrative Law Judge, he was Assistant City Attorney for the City of Thousand Oaks, California, where he was the chief litigator for that City.

Rogers retired in 1995 as a Captain in the U.S. Naval Reserve, Judge Advocate General's Corps. From 1977 to 1980 he served on active duty as the Staff Judge Advocate for Naval Air Station, Key West, Florida. He served as a medic in the U.S. Army from 1962-1968, including service in the Republic of West Germany, the Republic of Korea and the Republic of Vietnam. From 1968-1974, Judge Rogers was a Police Officer with the City of San Diego Police Department.

Judge Rogers earned a Juris Doctor degree in December 1976 at Brigham Young University's, J. Reuben Clark School of Law. He holds a Bachelor of Arts Degree in Public Administration from San Diego State University. Rogers is an active member of the State Bar of California, a member of its Intellectual Property Section, and a member of the Giles S. Rich American Inn of Court. Judge Rogers is admitted to practice in the U.S. District Courts for the Northern and Eastern Districts of California and the U.S. Court of Appeals for the Ninth Circuit. He was trained at the National Judicial College as a mediator.

Robert E. Rudnick

Robert Rudnick counsels clients in a wide variety of intellectual property matters including patent procurement and portfolio development strategies, generating value from patent portfolios, patent and technology licensing, patent clearance studies, patent non-infringement/invalidity evaluations and opinions, corporate mergers and acquisitions and patent prosecution, especially in the medical device and telecommunication technologies. In addition, Mr. Rudnick has significant business and legal experience in negotiating and providing counsel with intellectual property-based transactions. He has also counseled and defended clients from other aggressive patent licensing entities such as non-practicing entities (a/k/a Patent Trolls). He spent time in various in-house roles at AT&T and subsequent spin-off companies Lucent Technologies and Avaya Inc. before joining Gibbons.

At Avaya, Mr. Rudnick handled intellectual property issues important to Avaya's domestic and multi-national technology businesses, both in the manufacturing or services business sectors. His practice directly affected governance and operation of Avaya's business and included developing intellectual property policies concerning software, patent and trademark filing, mergers and acquisitions, divestitures, investor relations, and employee hiring, resignations and dismissals. Mr. Rudnick guided the establishment of Avaya's positions governing the activities of its representatives before standards bodies, negotiated intellectual property aspects arising in domestic and international sales and services agreements, including intellectual property defense and indemnification provisions, intellectual property ownership and Open Source software. Mr. Rudnick also provided advice and counsel regarding patent and trademark procurement strategies to leverage and protect the corporation's intellectual property assets as well as defending Avaya from allegations of patent infringement.

Before joining Avaya, Mr. Rudnick was a member of Lucent Technologies' Patent Assertion Team which received favorable notoriety in the article: "Soldiers of Fortune," COM-American Lawyer's Corporate Counsel Magazine, pp. 10-18 (June 1998) for the revenues it generated based on Lucent's patent portfolio. In that role, he utilized experience in patent portfolio management, negotiation skills and knowledge of patent prosecution and domestic and foreign infringement laws to provide patent assertion and licensing support in negotiating domestic and international patent license agreements.

Mr. Rudnick is the Vice President of the New Jersey Intellectual Property Law Association. He received his law degree from Rutgers University School of Law and undergraduate degree from Rutgers College of Engineering.

Anthony S. Volpe

Tony is a founding shareholder in Volpe and Koenig, P.C. He has corporate and private practice experience in all aspects of intellectual property rights. His current practice focuses on client counseling and the development of an IP strategy that yields the best value from the client's IP and, to the extent possible avoids the IP rights of third parties. When needed, Tony negotiates inter parte matters, and provides seasoned representation in state and federal litigation and before administrative agencies including the International Trade Commission, Office of Unfair Competition and the United States Patent and Trademark Office. Tony is also experienced in foreign intellectual property matters, including litigations, administrative proceedings, and licensing of territorial and global rights. He routinely conducts intellectual property due diligence reviews for domestic and foreign transactions.

Tony is admitted before the Supreme Court of Pennsylvania, the United States Supreme Court, the U.S. Courts of Appeals for the Federal, Third and Fourth Circuits, the U.S. District Court for the Eastern District of Pennsylvania and the U.S. District Court for the Eastern District of Michigan. Tony is a registered patent attorney admitted to practice before both the United States Patent and Trademark Office and the Canadian Patent Office.

Tony is a frequent presenter at intellectual property seminars and was a Scholar-in-Residence for Legal Studies at Temple University's Fox School of Business. Tony is often recognized for his intellectual property law practice. He has been recognized by *Super Lawyers* (2005-2011), *Best Lawyers* (2007-2012) and named a "Leader in the Field" by *Chambers USA* (2009 - 2011). Tony celebrates 10 years of being rated AV Preeminent by Martindale-Hubbel.


Davy E. Zoneraich

Davy E. Zoneraich, of counsel, Lerner, David, Littenberg, Krumholz & Mentlik, LLP, advises clients on all aspects of intellectual property law. He concentrates in the preparation and prosecution of patent and trademark applications, patent infringement and validity studies, and counseling on domestic and international transactions including licensing arrangements, joint ventures, acquisitions and divestitures, due diligence and non-disclosure agreements.

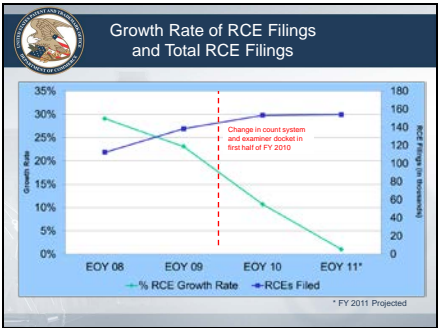
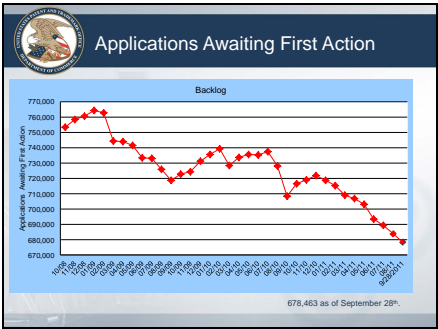
Mr. Zoneraich has extensive experience in the prosecution of patents involving medical devices, optical fiber and electric power components and systems, e-commerce and Internet business methods, data signal transmission over electrical and optical signal networks, data servers, video and digital signal processing, and electromechanical devices. Additionally, he counsels clients on enforcement of patent rights, and has been involved in patent infringement actions involving biomedical instrumentation and consumer electronics. Prior to becoming an attorney, Mr. Zoneraich worked for two years in the defense electronics industry.

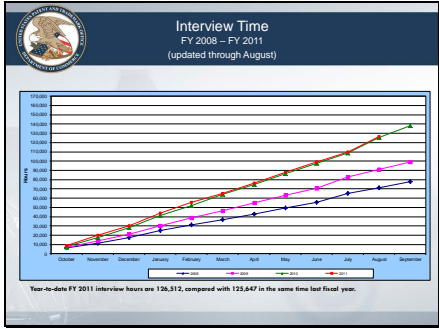
Mr. Zoneraich is a Past President of the New Jersey Intellectual Property Law Association. He received his law degree from Rutgers University School of Law and undergraduate degree (B.S. Electrical Engineering) from Cornell University. He is admitted to practice in New Jersey, New York and before the U.S. Patent & Trademark Office.

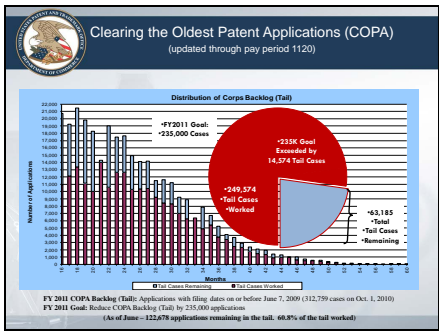
Patent Operations Update

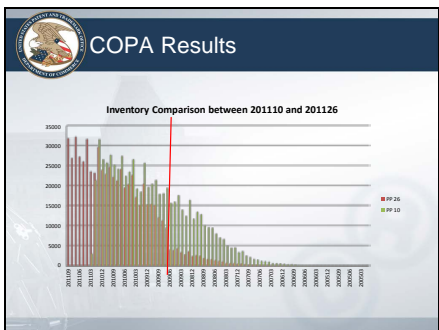


James Dwyer
Assistant Deputy Commissioner for Patents
November 9, 2011









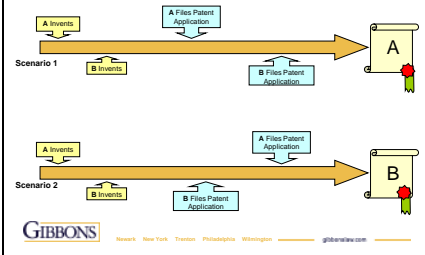
Section 35 U.S.C §102 Comparison cont. . .

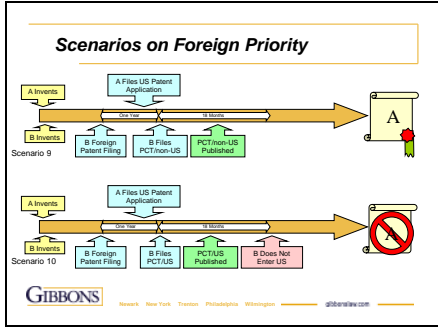
OLD §102 Conditions for patentability: novelty and loss of right to patent: A person shall be entitled to a patent unless (f) he did not himself invent the subject matter sought to be patented; or (g) (1) during the course of an interference conducted under section 335 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed; or (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and lost to reduce to practice, from a time prior to conception by the other.	NEW §102 Conditions for patentability: novelty ... [§100(f) definition of "inventor" incorporates old §102(f) definition] [Interference replaced with Derivation proceedings]
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America Invents Act – First Inventor to File

- **Positive (“The Good”)**
 - Greater Certainty in Identifying Invention Date
- **Neutral (“The Not So Bad”)**
 - No Swearing Behind Prior Art
 - U.S. Inventors Obligated to File Timely Applications
- **Negative (and “The Ugly”)**
 - “Race to File”
 - Increased Pressure to File Patent Applications Quickly in Certain Arts
 - Some Recommend Filing Early and Often
 - Filing After Conception and Before Commercial Reduction to Practice?
 - Application and Claim Quality Will Decrease With race to the PTD?

Scenarios Under First to File





**Appellate Advocacy and Practice
before the USPTO Board of Patent Appeals and Interferences:**

How to draft a persuasive and compliant appeal brief

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**New Jersey Intellectual Property Law Association
Electronics, Telecom and Software Patent Practice Update**

November 9, 2011

New Brunswick, N.J.

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**Appellate Advocacy and Practice
before the USPTO Board of Patent Appeals and Interferences:
How to draft a persuasive and compliant appeal brief***

Joel Miller**

November 8, 2011

A. Introduction

At the end of the 2005 fiscal year, there were less than 1,000 appeals pending before the Board of Patent Appeals and Interferences (BPAI or the Board) in the U.S. Patent and Trademark Office (USPTO).¹ By the end of September of this year, that number had grown to over 24,000² and the pendency of an appeal, measured from the filing of a notice of appeal to decision, is at thirty-three months – nearly three years.³ With upwards of 1,000 new appeals arriving at the Board every month,⁴ the judges must resolve appeals in an expeditious fashion and the time they can devote to each is necessarily limited. As a consequence, your appeal brief is more critical than ever – success on appeal will depend largely on the persuasiveness of your written argument. This paper will discuss steps you can take to sharpen your presentation and convey your argument in a clear and concise fashion.

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** 17 Westwood Drive South, West Orange, NJ 07052, tel. 973-736-8306; jm@JoelMillerLaw.com; www.JoelMillerLaw.com. Mr. Miller is a solo practitioner engaged in the practice of patent, trademark, copyright, and antitrust law, and author of the book, *The PTO Board of Patent Appeals and Interferences: Appellate Advocacy and Practice*.

¹ U.S. Pat. and Trademark Off. BPAI, *Fiscal Year 2005 Process Production Report*, available at www.uspto.gov/ip/boards/bpai/stats/process/index.jsp.

² As of September 30, 2011, the total number of pending appeals was 24,040. U.S. Pat. and Trademark Off. BPAI, *Fiscal Year 2011 Process Production Report*, available at www.uspto.gov/ip/boards/bpai/stats/process/index.jsp.

³ U.S. Pat. and Trademark Off. BPAI, *Fiscal Year 2011 Performance Measures*, available at www.uspto.gov/ip/boards/bpai/stats/perform/FY_2011_Performance.jsp.

⁴ U.S. Pat. and Trademark Off. BPAI, *Fiscal Year 2011 Process Production Report*, *supra* note 2, see “Ex Parte Appeals, Cases Received, Monthly.”

B. Bringing an appeal to the Board

1. Substantive vs. procedural matters

In the event the examiner refuses to grant a patent (i.e., allow the claims), you may challenge the examiner's decision. Here, a distinction must be made between substantive and procedural decisions. A rejection based upon a substantive issue such as novelty, obviousness, written description, or subject matter eligibility may be appealed to the Board of Patent Appeals and Interferences.⁵ By contrast, a procedural matter such as a refusal to enter an amendment may be challenged only by petition to the Director of the USPTO.⁶ A rough guide for distinguishing between appealable and petitionable matters is that rejections are appealable while objections are reviewed by filing a petition.⁷

This paper deals primarily with appeals from *ex parte* matters (patent applications and *ex parte* reexaminations).⁸ However, many of the principles discussed here are also applicable to appeals from an *inter partes* reexamination proceeding.⁹

2. Initiation of the appeal

An applicant appeals to the Board by filing a notice of appeal within the time period allotted for response to the last office action, typically three months.¹⁰ The period for filing a notice of appeal from a patent application or an *ex parte* reexamination proceeding may be extended by paying the

⁵ 35 U.S.C. §§ 6(b), 134 (2010).

⁶ 37 C.F.R. § 1.181 (2010); *see also Ex parte Frye*, 94 U.S.P.Q.2d 1072, 1078 (B.P.A.I. 2010) (precedential); *Belkin Int'l, Inc. v. OptimumPath, LLC*, Appeal No. 2011-3697, slip op. at 9-10 (B.P.A.I. Mar. 30, 2011) (informative opinion).

⁷ *See* USPTO Manual of Patent Examining Procedure ("M.P.E.P.") §§ 706.01, 1201 (8th ed., Rev. 8, Jul. 2010).

⁸ 35 U.S.C. §§ 134(a), (b) (2010).

⁹ 35 U.S.C. § 134(c) (2010).

¹⁰ 37 C.F.R. § 41.31(a) (2010); 37 C.F.R. § 1.134 (2010).

requisite fee.¹¹ The brief on appeal is then due two months after the filing of the notice or later if an extension of time for filing the brief is obtained.¹²

C. The brief on appeal

1. Required components of the brief

A brief for an *ex parte* appeal from a patent application or an *ex parte* reexamination proceeding must contain the following sections:

- (1) the real party in interest;
- (2) related appeals and interferences;
- (3) the status of the claims;
- (4) the status of any amendments;
- (5) a summary of the claimed subject matter;
- (6) the grounds of rejection to be reviewed on appeal;
- (7) the argument;
- (8) a claims appendix;
- (9) an evidence appendix; and
- (10) a related proceedings appendix.¹³

Most of the foregoing concern the status and background of the patent application and the bases for the appeal.

2. The appellant, related appeals, and the claims

The first four items noted above seek the identity of the real party in interest, an identification of any related appeals or interferences, the status

¹¹ 37 C.F.R. § 41.31(d) (2010); 37 C.F.R. § 1.136 (2010).

¹² 37 C.F.R. §§ 41.37(a)(1), (e) (2010).

¹³ 37 C.F.R. § 41.37(c)(1) (2010).

of the claims in the application, and whether any amendments were filed after the notice of appeal.¹⁴ The Board requests the name of the real party in interest to determine whether consideration of the appeal presents a conflict of interest for any of the judges on the panel.¹⁵

To achieve efficiency and consistency in decision making, the Board also needs to learn about other court or Board proceedings that may have a bearing on the decision in the appeal.¹⁶ Decisions rendered in any such matters are placed in a related proceedings appendix at the end of the brief.¹⁷

The status of the claims section informs the Board about the posture of the application – which claims stand allowed, rejected, cancelled, or withdrawn – and it identifies the claims on appeal.¹⁸ The text of the claims on appeal are set out in a claims appendix following the argument section of the brief.¹⁹

Finally, the section providing the status of any amendments ensures that the Board is considering, and that the appellant is arguing, the correct version of the claims.²⁰ In this regard, you should ascertain whether an amendment submitted after a final rejection was entered and confirm that the claim language argued in the brief is in fact the version of the claims before the Board.²¹

3. The summary of the claimed subject matter

The summary of the claimed subject matter maps the language of the claims to the specification and the drawings. This is required for each independent claim and any claim reciting a means-plus-function limitation,

¹⁴ 37 C.F.R. §§ 41.37(c)(1)(i)-(iv) (2010).

¹⁵ M.P.E.P. § 1205.02, at 1200-13, para. 1.

¹⁶ 37 C.F.R. §§ 41.37(c)(1)(ii) (2010).

¹⁷ 37 C.F.R. §§ 41.37(c)(1)(x) (2010).

¹⁸ 37 C.F.R. §§ 41.37(c)(1)(iii) (2010).

¹⁹ 37 C.F.R. §§ 41.37(c)(1)(viii) (2010).

²⁰ 37 C.F.R. §§ 41.37(c)(1)(iv) (2010).

²¹ M.P.E.P. § 1205.02, at 1200-13, para. iv.

as well as any dependent claim argued separately.²² The summary will enable the judges, as well as the appellant and the examiner, to determine how and where each of the limitations is used in the application.

4. Grounds of rejection to be reviewed on appeal

In this section, you identify the contested rejections.²³ Each of these should be neutral, non-argumentative statements, e.g., “anticipation of claim 1 in view of reference A;” “obviousness of claims 2-4 in view of reference B,” and so on.²⁴

5. The argument – presenting your case to the Board

The argument section of the brief is the most critical part of the document. It is here where you must convince the judges that error occurred during the examination of the patent application.

a. The appellant’s burden on appeal

On appeal, the applicant – now the appellant – has the burden of demonstrating that error was committed by the examiner. Indeed, the proposed rules for *ex parte* appeals will require the explicit identification of the errors alleged to have been made by the examiner.²⁵ Rejecting an argument that this improperly places the burden of proving patentability upon the applicant, the Federal Circuit recently noted that the Board has long required that the appellant specifically identify the error once an examiner has presented a *prima facie* case of unpatentability.²⁶ Nonetheless, a showing of error is essential and should be prominently set forth in every brief. To establish error, you must prove to the judges’ satisfaction that the rejection cannot be maintained.

²² 37 C.F.R. §§ 41.37(c)(1)(v) (2010).

²³ 37 C.F.R. §§ 41.37(c)(1)(vi) (2010).

²⁴ M.P.E.P. § 1205.02, at 1200-13, para. vi.

²⁵ Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 75 Fed. Reg. 69,828, 69,847 (Nov. 15, 2010) (*see* proposed rule 41.37(c)(1)(vii), second sentence).

²⁶ *In re Jung*, No. 2010-1019, slip op. at 16 (Fed. Cir. Mar. 28, 2011).

Use discretion when selecting issues for appeal. Rather than raise every point of disagreement, there may be one or two issues that could resolve the entire matter in your favor. Fewer issues on appeal will result in a more concise and understandable argument and help the Board focus on what is truly critical.

b. Separately argue each contention

Each ground of appeal identified earlier in the brief (i.e., the grounds of rejection to reviewed on appeal) should be argued separately, relying upon the facts, the law, and evidence, as appropriate.²⁷ Cite supporting legal authority, preferably decisions of the Federal Circuit or the U.S. Supreme Court, or a precedential opinion of the Board.²⁸

The argument for each ground of appeal should appear under its own heading, identifying the claims discussed.²⁹ Use these headings to argue your position. Instead of “Anticipation of claim 1 by the Smith reference,” assert that “Claim 1 is not anticipated by Smith because the reference lacks one of the recited elements,” perhaps identifying that missing element. A heading styled in this manner will enable the judges to immediately grasp your contention, conveying the facts specific to your appeal rather than a purely generic statement of the law.

c. Emphasize the facts

The argument should address the elements of the appealed rejection, whether it be novelty, obviousness, written description, or some other basis. It is important to argue the facts and not just the legal principles – it is the underlying set of facts that dictate whether error occurred.

For example, if a claim was rejected under § 102 in view of a piece of prior art but the reference fails to teach an element recited in the claim, argue that a prima facie case of anticipation has not been established, as all

²⁷ 37 C.F.R. § 41.37(c)(1)(vii) (2010), first sentence.

²⁸ BPAI, *Standard Operating Procedure 2 (Rev. 7), Publication of Opinions and Binding Precedent* (Mar. 23, 2008), § VI(A), at 5-6; 37 C.F.R. § 41.37(c)(1)(vii) (2010); see also 37 C.F.R. § 41.12 (2010).

²⁹ 37 C.F.R. § 41.37(c)(1)(vii) (2010), third and seventh sentences.

of the claim limitations have not been met.³⁰ If a rejection under § 103 does not provide a statement articulating the reasoning underlying the examiner's conclusion that the claimed invention is obvious, contend that the examiner has not made a prima facie case of unpatentability as the rejection lacks this necessary component.³¹ Finally, where a claim has been rejected under § 112, ¶ 1, for lack of a sufficient written description, rebut that assertion by pointing to specific text in the specification or an element in the drawings that provides support for the claimed subject matter.³²

Whatever the issue, the appellant must present a substantive argument explaining why the examiner's rejection should be reversed. A statement that simply lists the limitations of the claim on appeal will not be persuasive. Nor will a statement merely asserting that the cited reference doesn't disclose those limitations. Your argument must go further, stating why the elements of the reference do not meet the claim limitations.³³

d. Argue the patentability of patentably-distinct claims

You have the option of presenting a single argument for the patentability of all of the claims as a group or separate arguments for claims on an individual basis or subgroups of claims.³⁴ While a single argument for several claims is an efficient way of organizing the brief, note that the Board may determine the patentability of all of the claims in a group based upon one claim it unilaterally selects.³⁵ If the claim chosen by the Board is weak and the Board is able to establish that the claim is not patentable, then all of the claims in the group will fall, notwithstanding the presence of patentably-distinctive limitations in other claims within the group. For this reason,

³⁰ 35 U.S.C. § 102 (2010); *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

³¹ 35 U.S.C. § 103 (2010); *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006), quoted in *KSR International Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007).

³² 35 U.S.C. § 112, ¶ 1 (2010); see *In re Skvorecz*, 580 F.3d 1262, 1269-70 (Fed. Cir. 2009); see also M.P.E.P. § 2163.02 (8th ed., Rev. 8, Jul. 2010).

³³ See *In re Lovin*, No. 2010-1499, slip op. at 6, 14-15 (Fed. Cir. July 22, 2011).

³⁴ 37 C.F.R. § 41.37(c)(1)(vii) (2010), fourth sentence.

³⁵ 37 C.F.R. § 41.37(c)(1)(vii) (2010), fifth sentence.

consider arguing claims separately where there are significant, patentable differences between the rejected claims.³⁶

e. Issues not argued or untimely are waived

As a general proposition, any argument not presented in a timely manner will be considered waived.³⁷ If an argument could have been presented in the opening brief, but instead is first raised in the reply brief, the Board may elect not to consider it unless good cause is shown for the delay.³⁸ And, where claims are argued as a group, arguments directed to the patentability of individual claims within that group may also be waived.³⁹

f. Using evidence on appeal

If an affidavit submitted during prosecution is relevant to the appeal, state how and why this evidence supports your position. If you fail to show how the affidavit relates to the rejection at issue, the Board may ignore the document or give it little weight.⁴⁰ Don't assume that its relevance will be immediately clear to the Board – spell it out and make your case. Finally, evidence supporting the appeal must be placed in an evidence appendix located near the end of the brief.⁴¹

6. Optional items that may enhance your argument

Until this point, we have discussed items that must be in the appeal brief. Although not required, a table of contents and a table of authorities are very useful additions to any brief.

³⁶ See *In re Lovin*, No. 2010-1499, slip op. at 14-15 (Fed. Cir. July 22, 2011).

³⁷ 37 C.F.R. § 41.37(c)(1)(vii) (2010), second sentence.

³⁸ *Ex parte Borden*, 93 U.S.P.Q.2d 1473, 1474 (B.P.A.I. 2010) (informative opinion); see also M.P.E.P. § 1205.02, at 1200-14, para. (vii).

³⁹ 37 C.F.R. § 41.37(c)(1)(vii) (2010), sixth sentence; *In re McDaniel*, 293 F.3d 1379, 1383-84 (Fed. Cir. 2002); *In re Dillon*, 919 F.2d 688, 692, 695 (Fed. Cir. 1990) (en banc) (Board did not consider method claims not argued separately from the composition claims); *In re Kao*, No. 2010-1307, slip op. at 12 (Fed. Cir. May 13, 2011).

⁴⁰ *In re Wright*, 999 F.2d 1557, 1563 (Fed. Cir. 1993).

⁴¹ 37 C.F.R. §§ 41.37(c)(1)(ix) (2010).

The table of contents serves at least two functions. First, it enables the reader to quickly locate a particular section within the brief. Second, it allows you to argue your case in outline fashion. If the headings in the argument section of the brief follow the style discussed above,⁴² e.g., “The rejection fails to state why Claim 1 is obvious over References A and B,” the judges will have read a summary of the entire appeal prior to turning to the text of the brief. This is a powerful tool for appellants. Ideally, the table of contents should occupy no more than a single page or two at most.⁴³

A table of authorities identifies the sources relied upon by the appellant.⁴⁴ It will enable you to quickly check the citations (e.g., with Shepard’s), without having to page through the brief. The table may also include the references of record involved in the appeal.⁴⁵

Where appropriate, include key figures and other graphical devices in the text of your brief. The judges can then follow your argument without having to turn to other documents such as a cited reference.

7. Common errors and deficiencies in appeal briefs

One of the more perplexing issues facing appellants is the rejection of briefs for failing to comply with the rules. Some of the more common reasons for rejection include incorrect or items missing from the brief, such as the sections for related appeals and interferences, the status of the claims, the status of any amendments, and the summary of the claimed subject matter.⁴⁶ To help appellants comply with the rules, the Board has posted

⁴² See *supra* text accompanying note 29.

⁴³ As an example, see *supra* the table of contents for this paper.

⁴⁴ See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 73 Fed. Reg. 32,938, 32,959 (Jun. 10, 2008) (to be codified at 37 C.F.R. pt. 41), see “Bd. R. 41.37(j),” answer to comment 41.

⁴⁵ M.P.E.P. § 1205.02, at 1200-15.

⁴⁶ USPTO, *Top Eight Reasons Appeal Briefs are Non-Compliant* (undated), available at www.uspto.gov/ip/boards/bpai/procedures/guidance_noncompliant_briefs.jsp; see also Fleming et al., *Effective Appellate Advocacy in Ex Parte Appeals before the Board of Patent Appeals and Interferences*, Board of Patent Appeals and Interferences First Annual Board Conference, Alexandria, Va., Apr. 7, 2010, § I, at 1-4.

checklists for *ex parte* and *inter partes* appeals on its website.⁴⁷ Check your brief against the appropriate checklist, make any necessary corrections, and the brief will hopefully pass muster.

D. Ethical issues on appeal

When practicing before the Board, be mindful of the rules of professional conduct, not only those of your state bar but also the USPTO's code of professional responsibility.⁴⁸ The USPTO code contains many similar provisions but does not preempt state rules.⁴⁹

For example, the USPTO code states that a practitioner shall not knowingly advance a position "unwarranted under existing law" unless there is a good faith basis for seeking a change in the law;⁵⁰ state rules of professional conduct have a similar provision.⁵¹ Thus, while the courts and the USPTO have frequently ruled against applicants seeking protection for certain computer and software related inventions on the ground that the claims do not recite eligible subject matter under 35 U.S.C. § 101, an appellant may nevertheless pursue a claim drawn to such an invention if a good faith argument can be made to modify the law or its application to the facts of the case at hand.

Another USPTO rule provides that a practitioner has a duty to disclose adverse but controlling legal authority not previously cited in a proceeding.⁵² Again, state codes have a parallel provision.⁵³

⁴⁷ See checklists at USPTO, Guidance to Reduce Non-Compliant Briefs, www.uspto.gov/ip/boards/bpai/procedures/guidance_noncompliant_briefs.jsp.

⁴⁸ 37 C.F.R. §§ 10.20-10.112 (2010).

⁴⁹ 37 C.F.R. § 10.1 (2010).

⁵⁰ 37 C.F.R. § 10.85(a)(2) (2010).

⁵¹ See, e.g., N.J. Rules of Prof'l Conduct R. 3.1 (2011); Pa. Rules of Prof'l Conduct R. 3.1 (2008).

⁵² 37 C.F.R. § 10.89(b)(1) (2010).

⁵³ See, e.g., N.J. Rules of Prof'l Conduct R. 3.3(a)(3) (2011); Pa. Rules of Prof'l Conduct R. 3.3(a)(2) (2008).

The duty of candor to a tribunal merits special attention with regard to the interpretation of prior art, as one may not knowingly make a false statement of fact.⁵⁴ Before filing any brief, make certain that a reference in the file does not contradict an assertion that the art of record fails to disclose or teach a limitation in issue. Even if a seemingly innocent misstatement about the content and teachings of the prior art doesn't result in a disciplinary proceeding, your credibility with the Board could suffer greatly.

E. In summary

When you begin drafting your brief, carefully review the rules and the pertinent sections of the M.P.E.P. Concentrate on the facts of your case and identify the errors in the office action. Be careful when selecting and organizing the arguments to avoid waiver.

* * *

For current developments and further information on appeals to the Board, please visit www.JoelMillerLaw.com/bpai.shtml.

⁵⁴ 37 C.F.R. § 10.85(a)(5) (2010); *see also* N.J. Rules of Prof'l Conduct R. 3.3(a)(1) (2011); Pa. Rules of Prof'l Conduct R. 3.3(a)(1) (2008).

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Joel Miller has been engaged in the practice of law for over thirty years, specializing in patent, trademark, copyright, unfair competition, and antitrust law, and established his solo practice in 1991. He served as a patent examiner in the U.S. Patent and Trademark Office, and as patent counsel for an aerospace division of the former Singer Company, and was associated with the law firm of Weil, Gotshal & Manges.

Mr. Miller has litigated intellectual property, antitrust, and commercial matters and has served as an arbitrator in a patent licensing dispute. In addition, he has secured patents, trademarks, and copyrights, and has negotiated intellectual property licenses and related agreements. He has worked in a variety of technologies including telecommunications, semiconductors, avionics, medical electronics, and computer hardware and software.

Mr. Miller is chair of the *Inter Partes* Review Subcommittee of the Post Grant and *Inter Partes* Patent Office Practice Committee of the ABA Section of Intellectual Property Law, and co-chair of the Patents and Legislative Affairs Subcommittee of the AIPLA Electronic and Computer Law Committee. Previously, he held leadership positions in ABA and AIPLA subcommittees focusing upon patentable subject matter, and was a member of the Task Force Subcommittee on Business Method Patents of the ABA Section of Intellectual Property Law. Mr. Miller is also a member of the International Trademark Association.

Mr. Miller has developed and chaired clinical trial advocacy programs for the American Bar Association (Section of Litigation) and the International Trademark Association, and has spoken and written on patentable subject matter, trademark infringement, foreign filing licenses, secrecy orders, and export controls. Mr. Miller is the author of the book, *The PTO Board of Patent Appeals and Interferences: Appellate Advocacy and Practice*.

Mr. Miller is a member of the District of Columbia, New Jersey, and New York Bars, admitted to practice before the U.S. Patent and Trademark Office, and a Fellow of the American Bar Foundation.

Mr. Miller received a B.S. in Electrical Engineering from Lafayette College in 1975 and a J.D. from the University of Miami in 1978.

njipla 11/09/11

Claim Construction and the DOE in the Electrical Arts: Analysis of a Recent Case

Michele Conover
Senior Counsel
Siemens Corporation
Research and Technology

Claim Construction and Infringement

- Standard of Review for Claim Construction
 - Claims are first construed to determine scope and meaning
 - Claim as construed is compared to accused device of process (*Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1576 (Fed. Cir. 1993))
 - To ascertain the scope and meaning of the asserted claims, we look to the words of the claims themselves, the specification, the prosecution history, and any relevant extrinsic evidence (*Phillips v. AWH Corp.*, 415 F.3d 1303, 1315-1317 (Fed. Cir. 2005) (en banc))
 - Infringement, whether literal or under the doctrine of equivalents, is a question of fact. (*Bai v. L&L Wings, Inc.*, 260 F.3d 1350, 1353 (Fed. Cir. 1998))

Doctrine of Equivalents

- Infringement under the doctrine of equivalents requires that the accused product contain each limitation of the claim or its equivalent. *AquaTex Indus., Inc. v. Technische Solutions* 419 F.3d 1374, 1382 (Fed. Cir. 2005) (citing *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17,40 (1997))
- An element of an accused product is equivalent to a claim limitation if the differences between the two are insubstantial, a question that turns on whether the element of an accused product "performs substantially the same function in substantially the same way to obtain the same result" as the claim limitation. *Id.* (quoting *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950))

Absolute Software Inc. and Absolute Software Corporation v. Stealth Signal, Inc. and Computer Security Products, Inc. /EM2010-1503
Decided October 11, 2011

- **Patent terms in dispute – Absolute '914 Patent**
 - agent means ... including interface signals for contacting a host monitoring system **without signaling the visual or audible user interface**. [emphasis added]
 - Issue: Whether "contacting" meant only the initiation of the communication or actually encompassed the entire communication?
 - Facts: Stealth XTool agent triggered an audible signal at the host at the end of every communication.

Absolute Software Inc. and Absolute Software Corporation v. Stealth Signal, Inc. and Computer Security Products, Inc. /EM2010-1503
Decided October 11, 2011

- Absolute argued that there are issues of fact with regard to whether agent's silence at beginning of and during the communication constitutes "contacting...without signaling"
- No clear definition of "contacting" in patent
- In district court, argued before special master whether "contacting" meant at the initiation of communication or the entire communication
- Special master looked at dictionary definition and intent and adopted broad definition
- Appeals court determined there was an issue of fact as to whether the broad definition conflicted with the intent and the temporal relationship between the communication and the audible signal
- On this basis, the Appeals court vacated the district court's summary judgment decision

Absolute Software Inc. and Absolute Software Corporation v. Stealth Signal, Inc. and Computer Security Products, Inc. /EM2010-1503
Decided October 11, 2011

- **Patent Terms in Dispute Stealth '269 Patent**
 - transmission means for initiating at a **semi-random rate**, the transmission of the message packet from the formatting means to the central site means of the system surreptitiously of a user of said electrical apparatus. [Emphasis added]
 - Issue: Degree of randomness for a message transmission: is transmission limited to a random call within a "predetermined time interval" or no such time interval limitation exists.
 - Fact: Absolute's Computrace initiates call to monitoring center 24.5 hours after the completion of its previous call



KSR v. Teleflex – Notable Quotes

- “[a] person of ordinary skill is also a person of ordinary creativity, not an automaton.”
- “combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results”
- “Any need or problem known in the field of endeavor at the time of the invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.” – *including market demand*

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KSR v. Teleflex – “common sense”

- Common Sense is mentioned 5 times
 - Common sense teaches “that familiar items may have obvious uses beyond their primary purposes”
 - POSITA can fit teachings together “like pieces of a puzzle”

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KSR v. Teleflex – Revived “obvious to try”

- Obvious to try – obvious to choose from “a finite number of identified predictable solutions.”

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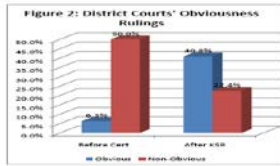


KSR v. Teleflex – A Key Ruling:

- One of the key rulings in KSR:
 - The examiner or court must provide an explicit reasoning to support the obviousness rejection
 - As will be seen, in the years following KSR, this has been the only real reason for remand/reversal



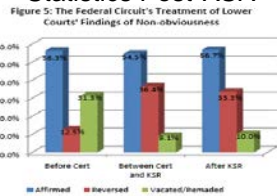
Statistics Post-KSR (2010)



Alli Mojibi, "An Empirical Study of the Effect of KSR v. Teleflex on the Federal Circuit's Patent Validity Jurisprudence", 20 ALB. L.J. SCI. & TECH. 559 (2010)



Statistics Post-KSR



Alli Mojibi, "An Empirical Study of the Effect of KSR v. Teleflex on the Federal Circuit's Patent Validity Jurisprudence", 20 ALB. L.J. SCI. & TECH. 559 (2010)



USPTO's 2010 Updated Guidelines

- In September 2010, the USPTO issued updated guidelines post-KSR
- Set forth several rationales, and stated:
 - “It remains Office policy that appropriate factual findings are required in order to apply the enumerated rationales properly. If a rejection has been made that omits one of the required factual findings, and in response to the rejection a practitioner or inventor points out the omission, Office personnel must either withdraw the rejection, or repeat the rejection including all required factual findings.”

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USPTO Requires Explicit Reasoning to Support a Rationale

- “The Supreme Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.”
- Several Listed Rationales:
 - *Combining Prior Art Elements.*
 - *Substituting One Known Element for Another.*
 - *The “Obvious to Try” Rationale ***

** important for electrical/mechanical arts

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“Predictable”

- The USPTO Guidelines use the word “predictable” 44 times.
- Predictability of the combination of elements is clearly important

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**Recent Decisions –
Predictable Combination**

- *Muniauction v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008)
 - Electronic methods for conducting auctions
 - Jury decision – nonobvious
 - Fed. Cir. Reversed and found obvious
 - Central principle is whether an improvement is "more than the predictable use of prior art elements according to their established functions"
 - Only difference in claims is a web browser
 - Use of web browser is commonplace

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**Recent Decisions –
Predictable Combination**

- *Odom v. Microsoft*, 2011 U.S. App. LEXIS 14120 (Fed. Cir. 2011) (unpublished)
 - Patent to manipulating groups of tools in a toolbar



- "if a person of ordinary skill in the art can implement a predictable version of a prior art work, s. 103 likely bars its patentability"
- Claimed invention was "no more than predictable use of prior art elements according to their established functions"
- Obvious

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**Recent Decisions –
Use of Computer Is Common Sense**

- *Western Union Co. v. Moneygram*, 262 F.3d 1361 (Fed. Cir. 2010)
- Using the internet or a computer to achieve something that had previously been done is not patentable
 - Patent to performing money transfers
 - Combination of known elements – obvious
 - Used common sense: using a computer to replace older electronics is commonplace
 - Would have been obvious to use a code to look up information

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Western Union, continued – Secondary Considerations

- Western Union attempted to show commercial success
 - Did not establish a nexus between the commercial success and the invention
 - Did not prove that the reason for success is the claimed invention

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Recent Decisions – Obvious to Try

- *Ex Parte Suelzle*, Appeal 2009-010488 (BPAI 2011)
 - Main regulator separated from generator unit and auxiliary regulator within the generator unit
 - Obvious to try
 - “with such a limited number of possibilities ... a POSITA would have good reason to pursue the known options within his or her technical grasp.”
 - Common sense to leave auxiliary regulator with generator unit

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Obvious to Try – “Finite Number”

- But, in *Rolls-Royce v. United Technologies* (Fed. Cir. 2010)
 - Patent to aircraft fan blades that use a rearward sweep to reduce shockwaves
 - Prior art showed forward sweep
 - Defendant stated it was obvious – either front or back
 - Federal Circuit stated that there was any degree of sweep – not just forward or backward.
 - “broad selection of choices” – not obvious to try

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Recent Decisions – Predictable Use

- *Ex Parte von Stein*, Appeal 2010-000048 (BPAI 2011)
 - Process automation field device using another field device connected via bus
 - Obvious
 - If a technique has been used to improve one device and POSITA would recognize that it would improve similar devices in the same way, it is obvious.



Recent Decisions – Any Reason to Combine

- *Ex Parte Perepa*, Appeal 2009-008426 (BPAI 2011)
 - Maintaining compliance with export/geographical restrictions of computer software when computer is moved
 - Obvious
 - Combined references
 - Motivation would give enhancements to a location based program of the prior art



Decisions post-KSR that Reversed or Remanded obviousness



Recent Decisions – TSM is not the sole test

- *Commonwealth Scientific and Industrial Research Organisation v. Buffalo Technology (USA), Inc. (2008)*
 - Method for connecting wireless WLAN networks to avoid the problem of echo signals created when radio waves bounce off walls
 - District court found not obvious under TSM test
 - The Federal Circuit vacated the grant of summary judgment, and instructed the district court to apply *KSR*'s holding that any need or problem could supply a reason for combining known elements.

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Recent Decisions – No Articulated Reasoning

- *In re Vaidyanathan* (Fed. Cir. 2010)
 - Claims to a method of guiding and controlling munitions at endgame stage of flight using a neural network to provide commands to autopilot
 - Examiner and Board held obvious
 - Fed. Cir. Remanded
 - No explicit explanation of reasoning.
 - Examiner should not rely on conclusory statements, and “should elaborate, discussing the evidence or reasoning that leads the examiner to such a conclusion”.

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- *In re Vaidyanathan* (continued)
 - The examiner should explain “the logic or common sense that least the examiner to believe the claim would have been obvious. Anything less than this results in a record that is insulated from meaningful appellate review. If the examiner is able to render a claim obvious simply by saying so, neither the Board nor this court is capable of reviewing that determination.”

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Practice Tips – Patent Owner

- Unexpected Results are still strong
 - Must be commensurate in scope
 - Must have a nexus to the invention
 - Synergy is very persuasive
 - Even combination of known elements
- Hindsight reconstruction
 - Difficult hurdle, but it still remains a viable argument (See *In Re NTP*).

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Practice Tips – Drafting

- Minimize the discussion of the “Background” section – avoid explaining predictability, prior art, or POSITA
 - Limit discussion of known problems, can be interpreted as admission of knowledge
- Include evidence of secondary considerations (unexpected results) in the specification
 - Limits challenge of declarations during prosecution
 - Tells story of how difficult it was to achieve (no predictability)

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Practice Tips - Opposer

- **Provide an express articulated reasoning**
- Use as many of the USPTO’s rationales as possible
- Argue the simple predictability of combination
 - Make the pathway to the claim as simple as possible (very predictable)
- Obvious to try – especially if the “Background” section sets forth problems to be solved
- Helpful to show a motivation: market reasons, cost saving, etc.


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Thank You



Joint Infringement of Claims Drawn to Method and System Inventions


Presented by
Davy E. Zonerleich, Esq.
November 9, 2011



Intellectual Property Law www.i3ikm.com +1 308 654 5000

Statutory Basis for Patent Infringement


- **Direct Infringement – 35 U.S.C. § 271(a)**
 - Except as otherwise provided in this title, whoever without authority **makes, uses, offers to sell, or sells** any patented invention, **within the United States**, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
 - Party directly infringes when it **"perform[s] or use[s]** each and every step or element of a claimed method or product"
Werner-Jenkinson Corp. v. Hilton Davis Corp., 520 U.S. 17 (1997)(emphasis added)



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Statutory Basis for Patent Infringement

- **Indirect Infringement**
 - Allows for suit against party who helped or caused another party (direct infringer) to infringe
 - **Active Inducement - 35 U.S.C. § 271(b)**
 - Party actively or knowingly aiding or abetting direct infringement
 - **Contributory Infringement - 35 U.S.C. § 271(c)**
 - Party sells material component of invention,
 - Component adapted for use in infringing the patent and not a staple article or capable of non-infringing use, and
 - Knowledge that component specially made or adapted for infringing use



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Single-party requirement

- At least one party must directly infringe
- Divided infringement – no infringement
 - Divided infringement is where a single act of patent direct infringement occurs through the combined action of two [or more] separate parties.”
(*RealSource, Inc. v. Best Buy Co.*, 514 F.Supp.2d 951, 957-58 (W.D. Tex. 2007)

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JOINT INFRINGEMENT

- *NTP v. Research in Motion (“RIM”), 418 F.3d 1282 (Fed. Cir. 2005)*
 - Email originates in U.S., routed to a BlackBerry Relay in **Canada**, transmitted from Relay and received at BlackBerry Handheld device in U.S.
 - Key part of system (BlackBerry Relay) located in **Canada**
 - NTP Patents cover systems and methods
 - Method claims not infringed –
 - “A process cannot be used ‘within’ the United States as required by Section 271(a) **unless each of the steps is performed within this country**”
 - processing steps performed at Relay in **Canada** - **not** “use” within U.S.

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JOINT INFRINGEMENT

- *NTP v. RIM (cont'd)*
 - System claims infringed –
 - “use of a claimed system under section 271(a) is the place at which **the system as a whole is put into action of service**, i.e., the place where [1] control of the system is exercised and [2] **beneficial use of the system is obtained.**”
 - BlackBerry system, as a whole, was “used in the US” under the **“control” and “benefit” test:**
 - (1) RIM’s US customers **controlled** transmission of data from BlackBerry devices in the US, and
 - (2) RIM’s US customers **benefited** from the use of the exchange of data using the BlackBerry system

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**JOINT INFRINGEMENT -
METHOD CLAIMS**

- *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007)
 - Claimed Method: Telephonically processing debit transactions featuring combined actions of several participants
 - Caller enters payment amount information
 - Remote payment network determines whether sufficient credit is available to complete transaction
 - Financial institution authorizes or declines transaction
 - Holding: Paymentech marketed the system but did not **direct** or **control** behavior of the caller or financial institution
 - Lack of control – vicarious liability not imposed
 - No evidence of **contractual relationship** between financial institution and Paymentech

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**JOINT INFRINGEMENT -
METHOD CLAIMS**

- *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), *cert. denied*, 129 S.Ct. 1585 (2009)
 - Method Claim: Conducting municipal bond auction over network
 - Inputting bid data into bidder's computer
 - Steps performed by auctioneer system
 - Where multiple parties combine to perform steps of claimed method, claim is directly infringed if one party exercises "control or direction" over entire process such that every step is **attributable** to the controlling party, i.e., the **MASTERMIND**
 - Mere control of access to system and providing instructions to bidders on use not sufficient for direct infringement

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**JOINT INFRINGEMENT -
SYSTEM CLAIMS**

- *Centillion Data Sys., LLC v. Qwest Comm. Int'l, Inc.*, 631 F.2d 1279 (Fed. Cir. 2011)
 - System for presenting information concerning actual cost of a service a service provider provides to a customer
 - Service provided based on customer request (on-demand or by subscription), which causes back end processing (Qwest's system) to act
 - Claim elements at issue
 - Data processing means for generating summary reports as specified by a user
 - Transferring means for transferring the summary reports to a user

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JOINT INFRINGEMENT – SYSTEM CLAIMS (Civix)

- System only operates after a user loads a "port"
 - Holding: Hotels.com does not **make** system
 - "Port" is a personal computer or web-enabled device of **customer, not Hotels.com**
 - Holding: Hotels.com does not **use** system
 - "supplying software for the customer to use is **not** the same as using the system."
 - "... without any user input, the port cannot generate the **request signal** that the claim needs"
 - User, **not** Hotels.com, **puts** into service the "port"

Use: only if defendant controls system as a whole and obtains benefit

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JOINT INFRINGEMENT – METHOD CLAIMS

- **Akamai Technologies v. Limelight Networks**, 629 F.3d 1311 (Fed. Cir. 2010)
- **McKesson Technologies Inc. v. Epic Systems Corp.**, 98 USPQ2d 1281 (Fed. Cir. 2011)

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JOINT INFRINGEMENT – METHOD CLAIMS (Akamai)

- District Court
 - Method claim: content delivery service requiring modification, *i.e.*, **legging**, of web page or internet address routing information
 - Customer followed L's instructions - modified embedded objects on their webpage to take advantage of L's service
 - Customer **not contractually obligated**, but took step to avail itself of L's service
 - Holding: no joint infringement
 - despite L's control over customer access to online system, coupled with L's providing instructions on use of system, L did not **direct** or **control** customer (relying on *Muniauction*)

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JOINT INFRINGEMENT – METHOD CLAIMS (*Akamai*)

Federal Circuit holding:

- “what is essential is not merely exercise of control [or direction] or the providing of instructions, but whether the **relationship** between the parties is such that acts of one may be attributed to the other”
- “[A]s a matter of Federal Circuit law[,] there can **only** be **joint infringement when** there is an **agency relationship** between the parties who perform the method steps or when one party is **contractually obligated** to the other to perform the steps”

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JOINT INFRINGEMENT – METHOD CLAIMS (*Akamai*)

Federal Circuit holding (cont'd):

- No agency relationship
 - Form contract does not **obligate** customers to perform any of the method steps
 - Contract merely explains that customer will have to perform the steps if it decides to take advantage of service
 - Customers decide what content, if any, to tag and then perform step of tagging the content

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JOINT INFRINGEMENT – METHOD CLAIMS (*Akamai*)

- ***En banc*** review granted
 - Oral Hearing November 18, 2011

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JOINT INFRINGEMENT – METHOD CLAIMS (*McKesson*)


- **Dissent** - Judge Newman
 - no possible infringement "of this *interactive* patent"
 - "**single entity**" rule erroneously applied to methods, per *BMC*
 - **Result:**
 - "information-age electronic methods" cannot be enforced "simply because more than one entity is involved"
- Holding causes confusion:
 - "interactive method is **only used** when single entity performs or controls or directs **every step** of the claimed method, even if, as here, a single entity 'cause[s] the [process] **as a whole** to perform ... and **obtain[s] the benefit** of the result" (citing *Centillion*)



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JOINT INFRINGEMENT – METHOD CLAIMS (*McKesson*)


- **En banc** review granted with *Akamai*
- **Court's questions:**
 - If separate entities each perform separate steps of a **method** claim, under what circumstances, if any, would either entity or any third party be liable for inducing infringement or for contributory infringement?
 - Does the **nature of the relationship** between the relevant actors – e.g., service provider/user; doctor/patient – affect the question of direct or indirect infringement liability?



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Akamai* and *McKesson

- **Federal Circuit Appeal Briefs:**
 - *McKesson*
 - untenable to limit joint infringement to **only** two bases for attribution – agency relationship or contractual obligation
 - Traditional bases for attribution, e.g., common law joint liability and vicarious liability doctrines, should not be excluded
 - *Akamai*
 - "flexible" fact-based standard that examines circumstances surrounding the nature of the parties and the infringement"
 - "some relationship between the parties [acting together] such that the defendant knows of all the steps being performed"



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JOINT INFRINGEMENT - METHOD CLAIMS (Fred Hutchinson)

Fred Hutchinson Cancer Research Center v. BioPet Vet Lab, Inc., 768 F.Supp.2d 872 (E.D. Va. 2011)

- Defendant **controls computer in China** by:
 - Emailing of data to the computer
 - Remotely logging into the computer
 - Initiating program on the computer that performs the analysis to determine "contributions of breed populations" to canid genome
 - Emailing output, namely, "breed contribution" determined from analysis, back to U.S from the computer

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JOINT INFRINGEMENT - METHOD CLAIMS (Fred Hutchinson)

- Method claim limitation
 - "determining the contributions of canid populations to the test canid genome"
- HOLDING:**
 - "determining contributions" step performed by defendant
 - defendant had "continued control over every step of process"
 - computer in China can only conduct "determining" analysis after being initiated and controlled by defendant's employee in U.S.
 - reliance upon *NTP* and *Centillion*
 - to use a system, party must put the invention into service, i.e., control system as whole and obtain benefit

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JOINT INFRINGEMENT - METHOD CLAIMS (Fred Hutchinson)

- Footnote - Even if "determining" step found to be performed in China, liability under 35 U.S.C. § 271(g):
 - "Whoever without authority imports into the United States or offers to sell, sells or uses within the United States a **product** which is made by a process patented in the United States ..."
 - Defendant obtained "breed contribution of the dog" as **output** from the computer program analysis and sent output back to U.S.
 - Output** used to assign levels of contribution "which is the final **product** sent to the customer"

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*Standards and Patents –
Conceptions and Myth Conceptions*

Marc Sandy Block (msb@ us.ibm.com)
NJIPLA
November 9, 2011

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Who cares? [Sample cases]

- RAMBUS
 - SDRAM standards
 - “Rambus due nearly \$350 million in Hynix decision” (March 2009)
 - Many cases, many forums; Major decision – **“But for Rambus failure to disclose, would JEDEC have selected another technology for the standard?”** Held, no antitrust.
- Qualcomm and Broadcom
 - Numerous cases, multiple standards
 - Cellphones and data compression

Who cares?

- N-Data (FTC matter)
 - National Semiconductor committed to license patents for IEEE standard for \$1000 if IEEE adopted National technology.
 - FTC bound assignee to a National commitment; N-Data, was aware of commitment, wrote to revoke it, and pursued implementers after standard widely adopted.
- Unocal (FTC 2005)
 - “Standards for Clean-burning reformulated gasoline” → 5.75 cents per gallon royalty awarded
 - Chevron bought Unocal for \$18 Billion; Consent decree; patents won't be asserted
- Digital TV (ATSC standard by FCC) March 2008
 - “\$5 per box...\$100 million to patent holder Funai”

Name that standard?

- 110v
- 87 89 93
- 1,435 mm (4 feet 8 ½ inches)
- TCP/IP
- 802.11

Standards moving to the front burner

- Standardized infrastructure favored in assorted industries
– *“Don't reinvent the wheel”*
- Benefits in having client's technology selected for standard
- Benefits in getting access to others' patented technology needed in implementing the standard
- Save R&D budget for higher level differentiation
– *Trend toward collaboration*
- Opportunity to select best technical alternative(s)
– *Good for public, good for vendors*
- **Customers pushing for standards**

Patents AND STANDARDS sprout in emerging growth fields and...

companies look for value in these vital patents

Standards and Essentiality

- Competitors select one technology from alternatives -- which becomes "required" by the standard
- Standards bodies typically obligate members with "required" ["Essential"] patent claims to commit to license on RAND terms -- balance between patent holders and implementers and users who agree to standard

RAND

- "Reasonable royalty" factors from *Georgia Pacific Corp v U.S. Plywood Corp*, 166 USPQ 235, SDNY (1970) based on 35 USC 284 [*"the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty..."*]
But may consider other factors relating to standards as well

What Holdup?

- FTC Definition: "Patentee obtains royalties based on the infringer's switching costs"
→ threat of injunction against standardized technology pushes royalties beyond economic value of the patented technology
- Some would add an intent [to mislead] element
- Some contend that "holdup" is a myth and the "few" cases are aberrations.

ITC Administrative Law Judges

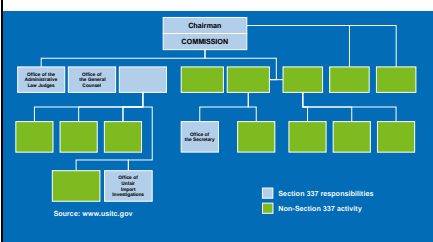
Six Administrative Law Judges,
Chief Judge Bullock and Judges Essex, Rogers, Gildea, Shaw and Pender

Career civil servants

Independence and authority per the APA

Docket nearly 100 percent IP cases (95 percent patent)

U. S. International Trade Commission Organization

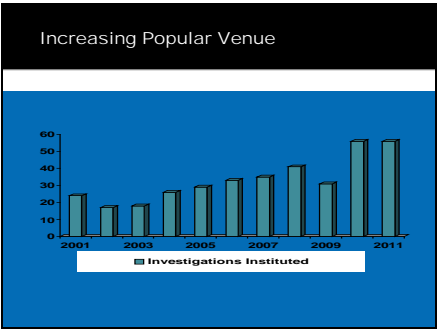


ITC Statute/Jurisdiction

- Statute (19 U.S.C. § 1337) declares unlawful, and directs the ITC to investigate and remedy unfair acts, e.g., patent, trademark, copyright, mask work or design infringement in the
 - (a) sale for importation,
 - (b) importation, and
 - (c) sale after importation
- Potential respondents include foreign manufacturers, foreign distributors, downstream product manufacturers and distributors, importers, wholesalers and retailers in the United States
- In rem jurisdiction over imported products; no need to establish personal jurisdiction

Substantive Elements of an ITC case

- 1. Unfair Act (infringement)
- 2. Importation
- 3. Domestic Industry
- 4. Remedy



Why the ITC?

- Speed
 - Standardized protective order/ALJ Ground Rules
 - 10 days to respond to discovery requests and motions
 - Procedural schedule: Trial – 9 months; Initial decision – 11 months; Target date – 15 months
 - Limit price erosion/market impact
- Personal jurisdiction not required
- Multiple respondents/infringers
- No counterclaims
- No stay for subsequently filed reexamination
- Broad injunctive remedies/eBay not applicable
- Experienced IP judges

BE PREPARED

- BEFORE filing with the ITC, KNOW:
- Standing - 19 CFR § 210.12(a)(7)
- Domestic Industry – Economic Prong/Technical Prong
- Importation – Jurisdictional Issue 19 U.S.C. § 1337(a)(1)(B)(i)

BE FOCUSED

- What is important (i.e. material) in your case?
- Where should you focus to give yourself the best chance of success?
- Exercise good judgment:
- Compare:
 - Invalidity – clear and convincing standard
 - Affirmative Defenses – (e.g. inequitable conduct – vastly overpleaded and rarely successful)
 - SD motion standard – 19 CFR § 210.18(b).
 - TEO - 19 CFR § 210.52(a)
- Valuable resources are wasted in discovery disputes and hearing time in matters that frequently have no material impact on a decision.

BE ORGANIZED

- Timeliness in all things – unforgiving environment
- Large number of documents to be handled and presented at hearing
- When preparing and presenting a case before the ITC, be PRECISE

Economic Prong of Domestic Industry

- Economic prong (19 U.S.C. § 1337(3))
 - (A) significant investment in plant and equipment;
 - (B) significant employment of labor or capital; or
 - (C) **substantial investment** in its exploitation, including **engineering, R&D, or licensing.**

What's Enough for Economic Domestic Industry

- *In re Certain Male Prophylactic Devices* (2007) – DI
 - Small co. added feature and did final packaging and testing in the U.S.
 - Invested \$250K in equipment in U.S.
- *In re Certain Stringed Musical Instruments and Components Thereof* (2008) – **NO** DI
 - Individual made 5 prototypes at a cost of \$12K
 - Invested unquantified “sweat equity”
 - Two licenses with respondents in the ITC after filing
- *In re Certain 3G Mobile Handsets* (2008) – DI
 - Portfolio license
 - No evidence that licensees practiced patents

John Mezzalingua Assocs. v. ITC (Fed. Cir. 2011)

- ITC: Economic prong not satisfied because litigation costs not sufficiently tied to licensing and investment in licensing was insubstantial
- Issue: Whether litigation expenses constitute “substantial investment in exploitation” of patent through “licensing” activities
- Federal Circuit: “expenditures on patent litigation do not automatically constitute evidence of the existence of an industry in the United States established by substantial investment in the exploitation of a patent.”
 - Multiple litigations, multiple patents in litigations and one license granted after litigation
 - Minimal effort/expenses related to negotiation and drafting of license agreement
- Dissent – litigation/licensing nexus not required: “Litigation undertaken to enforce patent rights and enhance the value of a patent or pave the way for a stronger competitive advantage constitutes an investment in exploitation ... regardless of that activity’s relationship to licensing, engineering, research, or production.”

REMEDY FOR VIOLATION Overview

- From a Complainant's Perspective
 - Review of Types of ITC Remedial Orders
 - Excluding Downstream Products of Named Respondents after Kyocera

Overview (cont'd)

- From a Respondent's Perspective
 - Early Planning and Action to Assess Products at Risk
 - Early Planning and Action to Obtain Exceptions in Remedial Order - Certification Provision
 - Early Planning and Action to Avoid or Minimize Impact of a Remedial Order by Noninfringing DesignAround
 - Early Planning and Action to Defend Against Cease and Desist Order
 - Assessing the Risks of and Planning to Minimize the Impact of a Consent Order
 - Planning for Importation under Bond

Types of ITC Remedial Orders

- Exclusion Order
 - Limited Exclusion Order
 - General Exclusion Order
- Cease and Desist Order
- Consent Order

Types of ITC Remedial Orders (cont'd)

- **Exclusion Order**
 - **Limited Exclusion Order (LEO)**
 - Excludes *infringing products of respondent*
 - *Not limited to particular models that were at issue at trial*
 - *example: "exclude infringing widgets of company X that infringe claim 1 of patent 123"*
 - Enforced by U.S. Customs (Department of Homeland Security)

Types of ITC Remedial Orders (cont'd)

- **General Exclusion Order (GEO)**
 - Same as Limited Exclusion Order but applies generally to products from all sources – not just to products of Respondents in an ITC case
 - "While the Commission has in the past considered analyses based on the *Spray Pumps* factors when evaluating whether the criteria [for a general exclusion order] are satisfied, we now focus specifically on the statutory language itself in light of recent Federal Circuit decisions." *Certain Ground Fault Circuit Interrupters and Products Containing Same*, Inv. No. 337TA615 , Comm'n Op. at 25 (March 26, 2009) (citing *Vastfame Camera, Ltd. v. ITC*, 388 F.3d 1113 (Fed. Cir. 2004); *Kyocera Wireless Corp. v. ITC*, 545 F.3d 1340 (Fed. Cir. 2008); and *Certain Hydraulic Excavators and Components Thereof*, Inv. No. 337TA-582).

Types of ITC Remedial Orders (cont'd)

- **General Exclusion Order (GEO)**
 - Section 337(d)(2)(A): "prevent circumvention of an exclusion order"
 - Section 337(d)(2)(B): "pattern of violation . . . and it is difficult to identify the source of infringing products"

Types of ITC Remedial Orders (cont'd)

- Cease and Desist Order
 - Directs Respondent to cease activities in the U.S. (e.g. sales) of infringing product
 - Can be issued “in addition to or in lieu of” an exclusion order (19 U.S.C. § 1337(f)(1)(2))
 - Typically issued in cases where Respondent has a significant inventory of infringing product in the United States
 - Not limited to particular models that were at issue at trial
 - Enforced by ITC
 - Heavy monetary penalties for violation

Types of ITC Remedial Orders (cont'd)

- Consent Order
 - Respondent consents to cease importing and selling infringing product immediately
 - A Respondent may enter into a consent order in conjunction with the Complainant or unilaterally
 - Commission Rule 210.21(c)(3)(i)(A)(B)(C) outlines all provisions consent order stipulations must contain in an IPbased investigation
 - Enforced by ITC
 - Heavy monetary penalties for violation

Excluding Downstream Products of Named Respondents

- In light of *Kyocera*, ITC can no longer issue limited exclusion orders covering the “downstream” products of nonparties under Section 337(d)(1).
- LEOs have been modified or vacated to the extent they cover downstream products of nonparties; LEOs have been issued covering downstream products of named Respondents; tailored GEOs covering downstream products of nonparties have been declined.
 - *Certain Power Supply Controllers and Products Containing Same*, Inv. No. 337TA541 (March 3, 2009) (modifying LEO in light of *Kyocera*)

